



BRSA Earnings Presentation

December 31, 2005

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2005 Performance Review

Adjustments Applied for Level Comparison to 2004

- Under operating expenses caption, effects of recently imposed accounting and regulatory rulings are included; such as reclassification of currency differences on marketable securities and FX indexed loans, and the taxes regarding the sale of non-core assets
- The effects of such changes are classified to provisions line from operating expenses line only for this presentation purposes to enable comparative analysis over 2004 figures
- Reclassified items separately disclosed throughout the presentation are provisions, operating expenses and operating income as calculated over operating expenses

	<u>2004</u>	<u>2005</u>	<u>Y-o-Y</u>
Total Revenue	2,193.3	2,733.5	24.6%
Provisions - As Reported	425.8	447.3	
<i>Provision Adjustments:</i>			
Reclassification of Currency Diff. on Mark. Sec. & FX Indexed Loans		<u>66.7</u>	
Provisions - Adjusted		514.0	
Total Revenue post Provisions - Adjusted	<u>1,767.5</u>	<u>2,219.5</u>	25.6%
<hr/>			
Total Operating Expenses - As Reported	1,083.5	1,351.7	24.8%
<i>Opex Adjustments:</i>			
Reclassification of Currency Diff. on Mark. Sec. & FX Indexed Loans		(66.7)	
New Expense Item: Add'l Provisions for ST Employee Benefits		(8.9)	
Increased Tax Burden due to Increase in Volume of Asset Sales		(16.7)	
Various Other Reclassifications		<u>(9.1)</u>	
Total Operating Expenses - Adjusted	<u>1,083.5</u>	<u>1,250.3</u>	15.4%
<hr/>			
COST / INCOME - As Reported	61.30%	59.13%	(217bps)
COST / INCOME - Adjusted	61.30%	56.33%	(497bps)

Superior Financial Performance

Selected Financials

BRSA, YTL Million

As of Year End 2005:

- Total assets increased by 38.8%, reaching YTL36,468 million
- Total loans increased at a faster pace, 61.9%, reaching YTL16,700 million
- Total deposits increased by 33.9%, reaching YTL23,578 million
- Total revenues increased by 24.6%
- Adjusted operating income growth was 33.6%
- ROAA and ROAE improved by 485 and 52 bps, respectively
- Cost /Income ratio improved 497 bps on a comparable /adjusted basis

	31-Dec-04	31-Dec-05	Y-o-Y
Total Assets	26,280	36,468	38.8%
Total Loans	10,313	16,700	61.9%
Deposits	17,612	23,578	33.9%
Shareholders' Equity	3,141	3,900	24.2%
Total Revenues ¹	2,193	2,733	24.6%
Operating Income ²	1,110	1,483 Adj.	33.6%
Net Income	451	708	57.2%
ROAE	15.27%	20.12%	485 bps
ROAA	1.74%	2.26%	52 bps
Cost / Income ³	61.30%	56.33% Adj.	(497) bps
CAR	16.61%	15.10%	(151) bps

¹ Total Revenues : NIM adjusted by FX gain/(loss) + monetary gain/ (loss) + Net non-interest income

² Operating Income : Total revenues – Operating expenses. Although operating Income as reported is YTL1,381 MM, adjusted figure of YTL1,483 MM is comparable to 2004 financial statements

³ Cost / Income as reported in 2005 is 59.13%. Adjusted figure reflects a comparable progress

Focus on Sustainable Sources of Revenues

Income Statement

YTL Million

	31-Dec-04	31-Dec-05		Y-o-Y
		Adj.		
– Adjusted NII increased by 35.4% in 2005				
– Net fees and commissions income increased by 33.0% over 2004				
– Total revenues increased by 24.6%				
– Operating expense and income growth on adjusted basis was at 15.4% and 33.6%, respectively				
– Net income growth was 57.2%				
Adjusted Net Interest Income ¹	1,340.3	1,814.5		35.4%
Net Fees & Commissions Inc.	554.7	737.6		33.0%
Net Trading Income	95.0	(6.4)		(106.8%)
Other Non-Interest Income	203.3	187.7		(7.7%)
Total Revenues	2,193.3	2,733.5		24.6%
Operating Expenses ²	1,083.5	1,351.7	1,250.3	15.4% *
Operating Income	1,109.8	1,381.7	1,483.2	33.6% *
Provisions ³	425.8	447.3	514.0	20.7% *
Taxes	233.5	226.0		(3.2%)
Net Income	450.5	708.4		57.2%

¹ Adjusted for FX gain/(loss) + monetary gain/ (loss)

² Reserve for employee termination benefits are shown in provisions

³ Y-o-Y growth calculations per 2005 adjusted figures

Summary

Balance Sheet Highlights

- Total assets were up by 38.8% in TL terms as compared to 2004 FYE
- TL loans rose by 83.9%; while FC loans increased by 44.2% in US\$ terms over YE 2004
- Share of performing loans in total assets increased further to 45.8% in 2005 from 39.2% in YE 2004; share of securities portfolio declined to 30%
- Share of consumer and SME segments in total loan cash loans were 15.3% and 9.9%, respectively
- TL deposits increased by 61.3% and FC deposits went up by 14.4% in US\$ terms as compared to YE 2004
- Shareholders' equity increased by 24.2%, reaching YTL3.9 Billion

P/L Highlights

- Total revenues increased by 24.6% y-o-y
- Adjusted operating income was up by 33.6% as compared to a year ago
- Ordinary banking income increased by 27.9% as compared to a year ago
- Net fees and commissions income was up by 33.0% on an annual basis
- Net fees and commissions covered 59% of adjusted operating expenses in 2005, compared to 51.2% in 2004
- Net income was YTL708.4 Million
- Adjusted Cost / Income ratio was 56.33%
- ROAA and ROAE were 2.26% and 20.12%, respectively



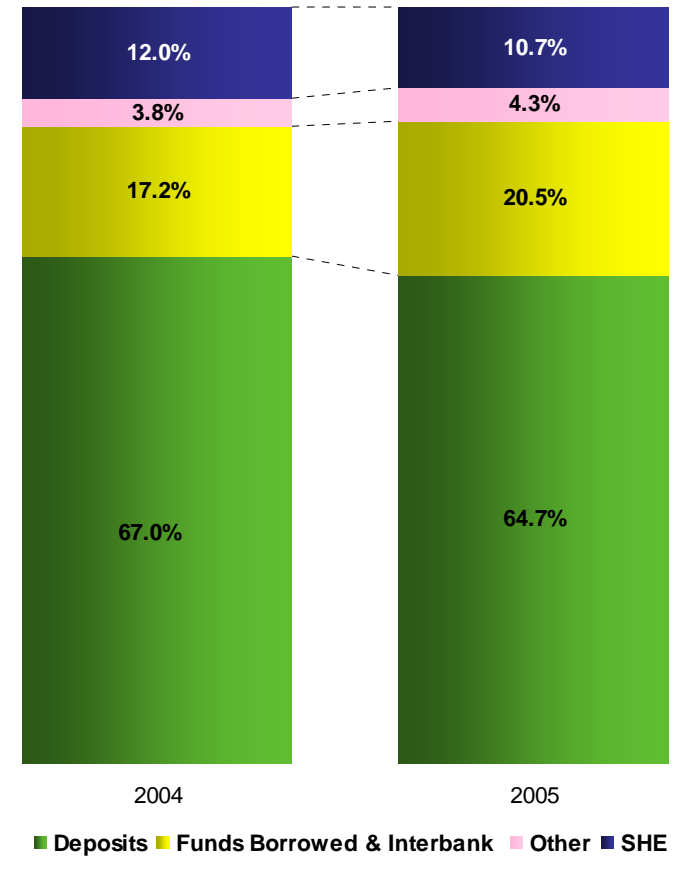
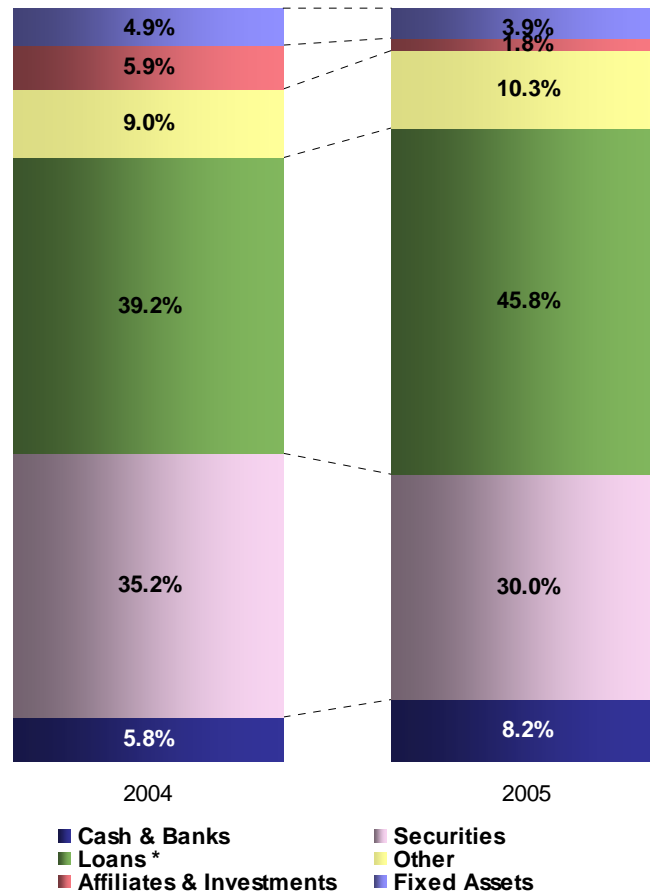
2005 Performance – Balance Sheet

Loan Growth at a Faster Pace

Total Assets

Total Liabilities and SHE

- Garanti's asset size in US\$ terms stood at US\$27,337 million at 2005FYE
- Share of loans in total assets increased by another 660 bps reaching 45.8% in 2005
- Securities made up 30.0% of the assets
- On the liability side, funds borrowed and interbank increased, contributing 20.5% of the liability mix
- Share of shareholders' equity in total liabilities and SHE was 10.7%



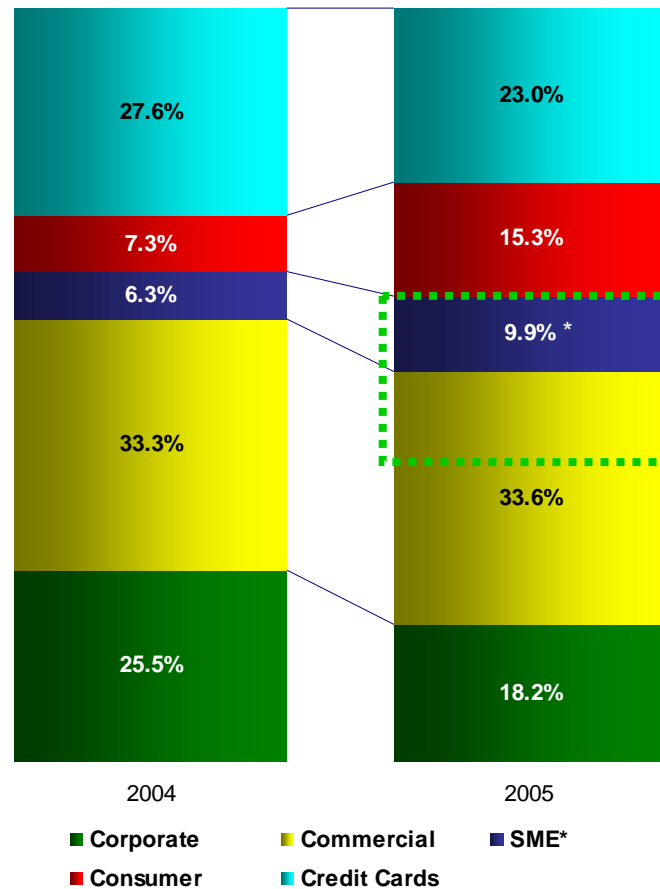
*Throughout the presentation, loans refer to performing loans only, unless stated as gross loans.



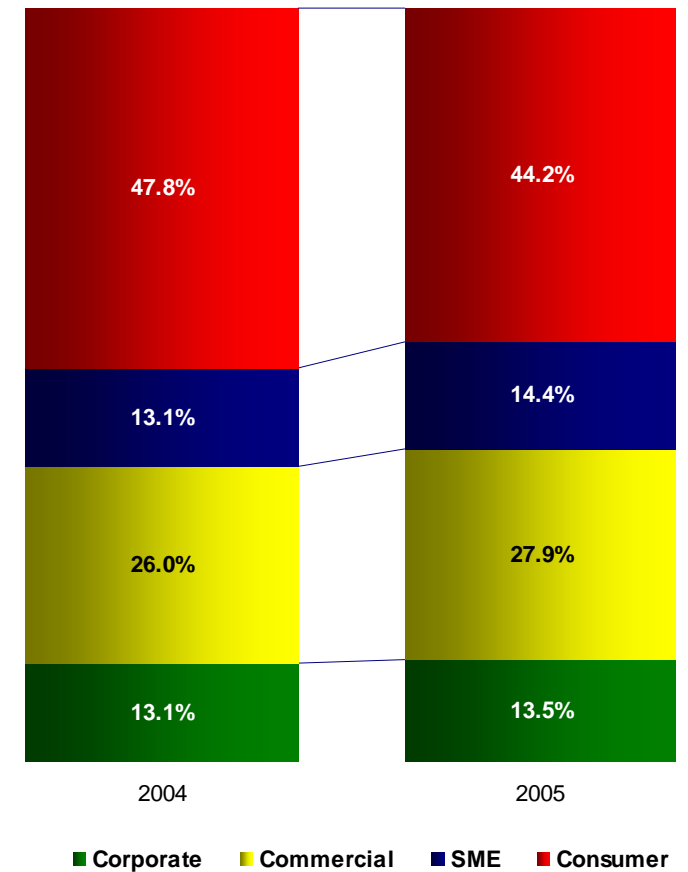
Increasing Share of High-Margin Products

- Loans to retail segment composing of credit cards, consumer loans and SMEs contribute nearly half of the cash loan portfolio (48.2%)
- Per Central Bank's newly announced SME definition, Garanti SME loan portfolio mix would be 20.6% vs. 9.9% as stated -- increasing the loans to retail segment share to a new total of 59.1%, while reducing the share of commercial loan mix level to 22.9% from 33.6%
- Share of credit cards decreased to 23.0% in 2005 from 27.6% in 2004
- Consumer and SME segment deposits composed 58.6% of total deposits

Breakdown of Loan Portfolio by LOB



Breakdown of Deposits by LOB **



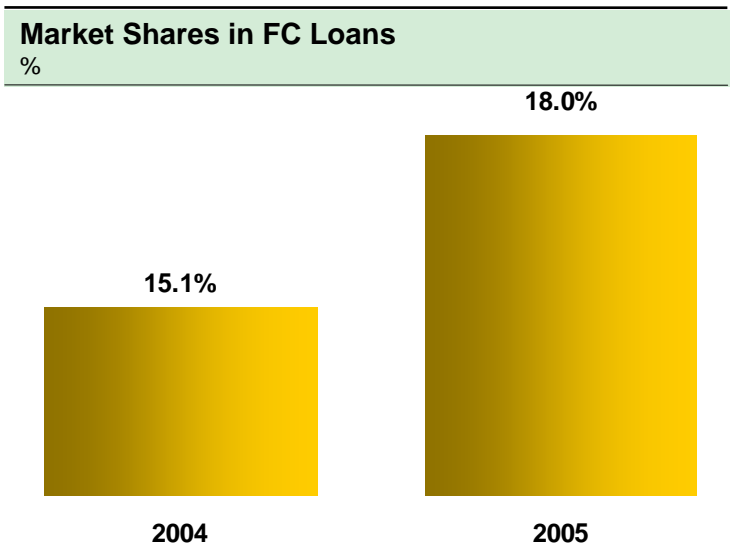
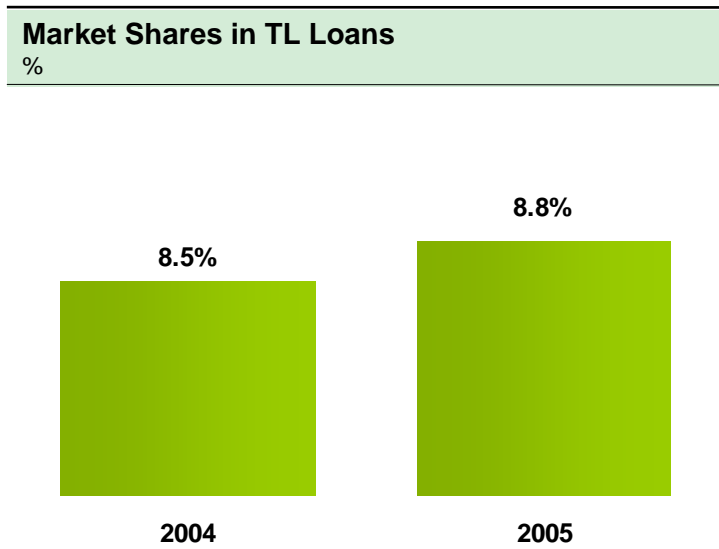
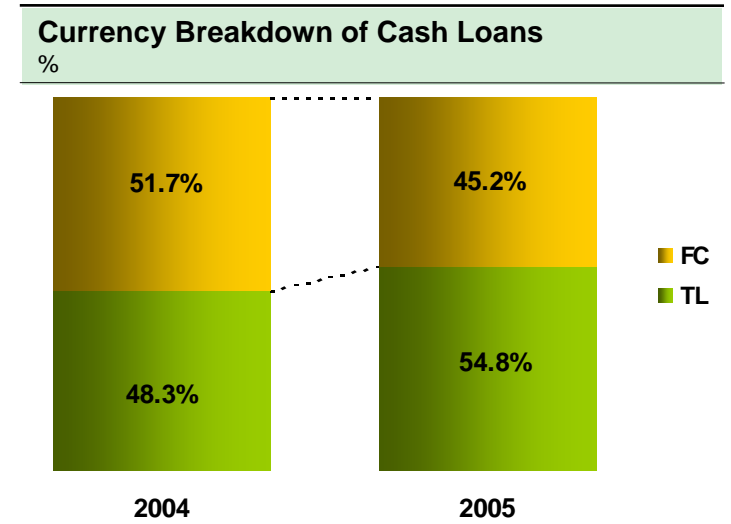
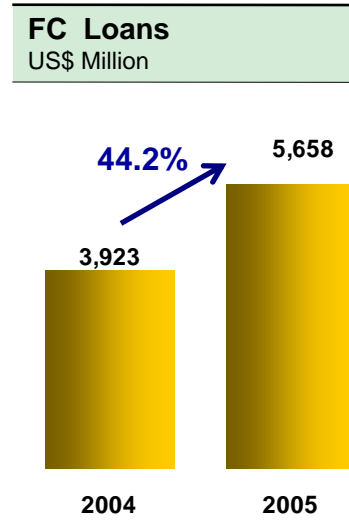
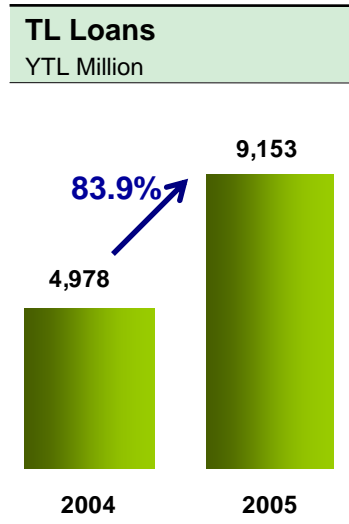
*Per Garanti's own definition of SME: Companies with annual turnover < US\$ 5mm

** Excludes bank deposits



High Growth Rate in Lucrative Lending

- In 2005, TL loans surged by 83.9% and FC loans in US\$ terms increased by 44.2%
- Increase in TL and FC loans over the third quarter was 17.1% and 11.9%, respectively
- Share of TL loans increased further to compose 54.8% of the total
- Garanti's market shares in TL and FC loans reached 8.8% and 18.0%, respectively

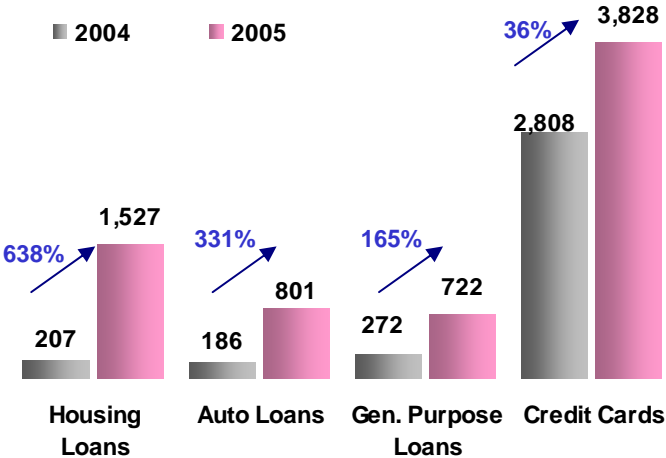


Focus on Profitability & Loyalty

- Consumer loans (excluding credit cards) increased by 359% in 2005, whereas increase in credit cards during the same period was 36%
- Total consumer loans, including credit cards, increased by 98.1% over 2004
- Share of credit cards in total consumer loans decreased by 252 bps to compose 55.7%, whereas share of housing loans increased to 22.2%

Consumer Loans

YTL Million

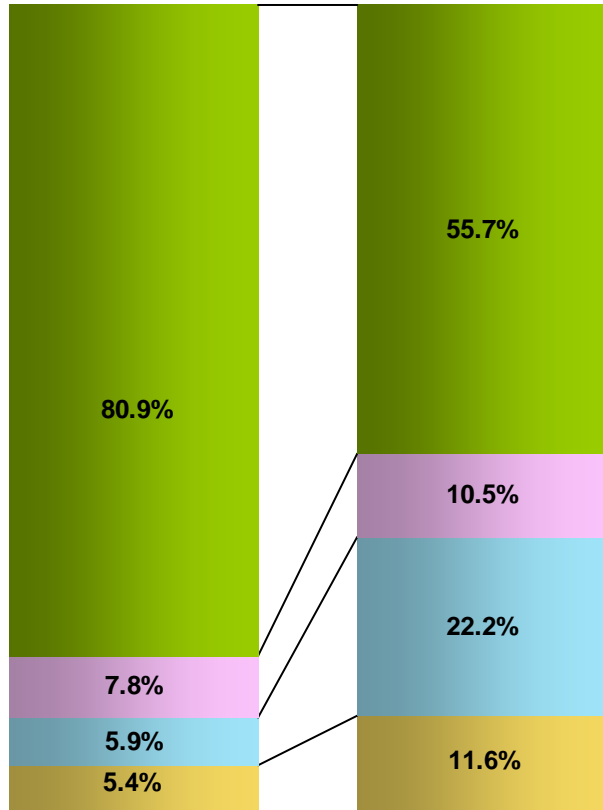


Yield Comparison in Consumer Loans

December 31, 2005

	Yield
Credit Cards	42.78%
General Purpose	25.22%
Housing Loans	18.86%
Auto Loans	20.98%

Breakdown of Consumer Loans



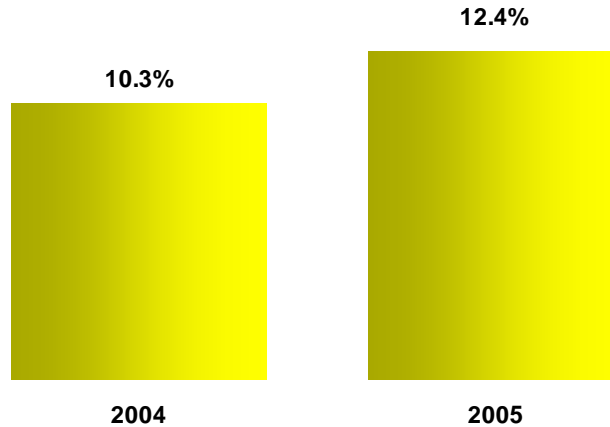
■ Auto ■ Housing ■ Gen. Purpose ■ Credit Cards



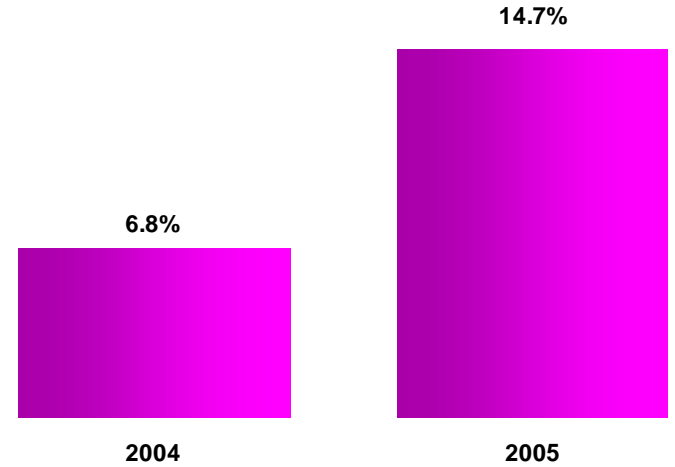
Market Shares in Consumer Loans

- *Garanti's market share in housing loans stands at 12.4%, whereas market share in auto loans more than doubled and reached 14.7%*
- *Market share in total consumer loans increased to 11.3% in 2005 from 6.9% in 2004*
- *Market share in consumer loans including credit cards increased to 15.3% in 2005 from 14.1% in 2004*

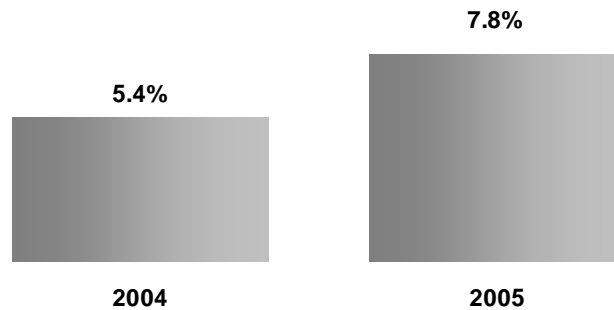
Market Shares in Housing Loans



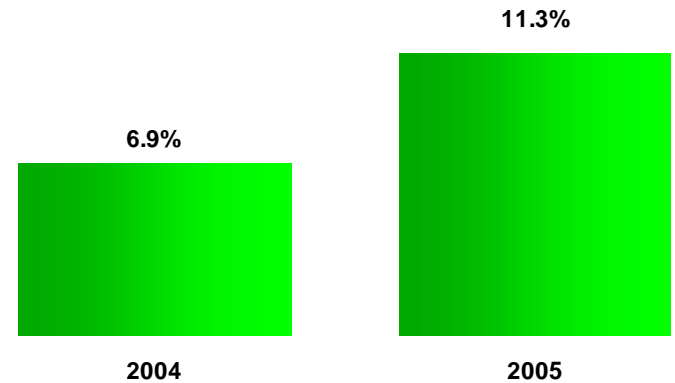
Market Shares in Auto Loans



Market Shares in General Purpose Loans



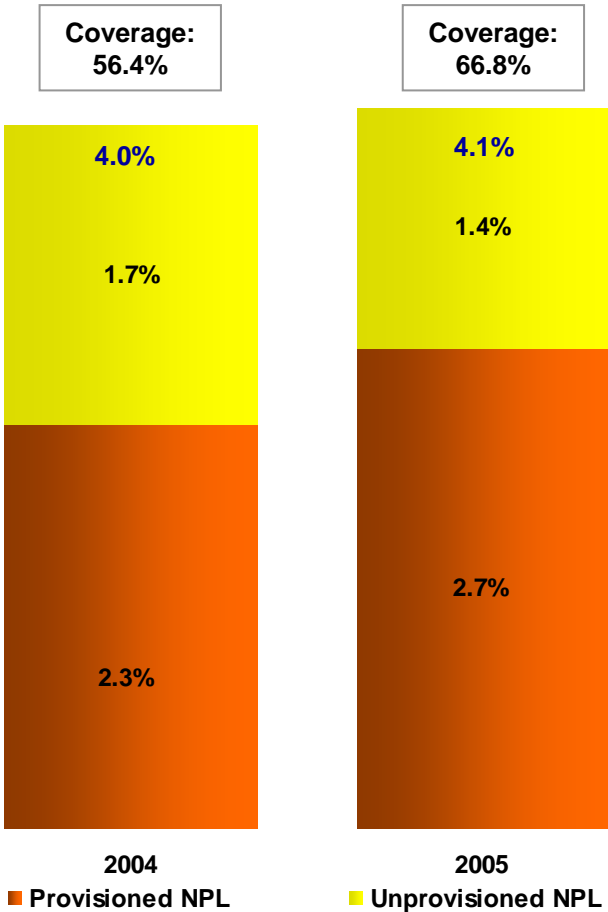
Market Shares in Total Consumer Loans



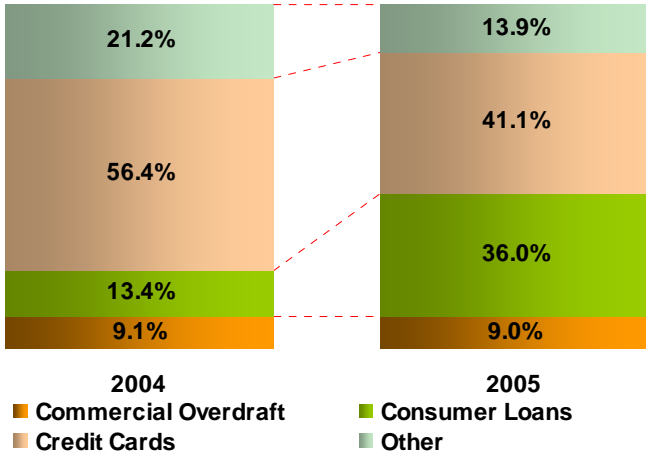
Strong Asset Quality

- NPL ratio slightly increased to 4.1% in 2005, and the coverage ratio was 66.8% in 2005
- Share of consumer loans in TL loans almost tripled in 2005

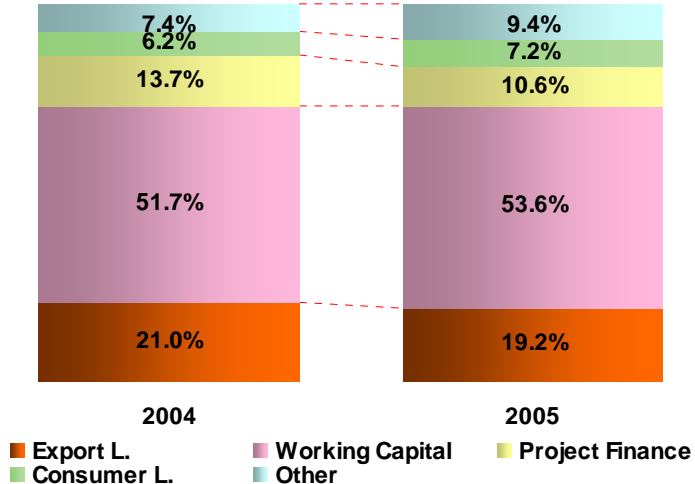
NPLs
NPL % of gross cash loans



Composition of YTL Loans



Composition of FC Loans

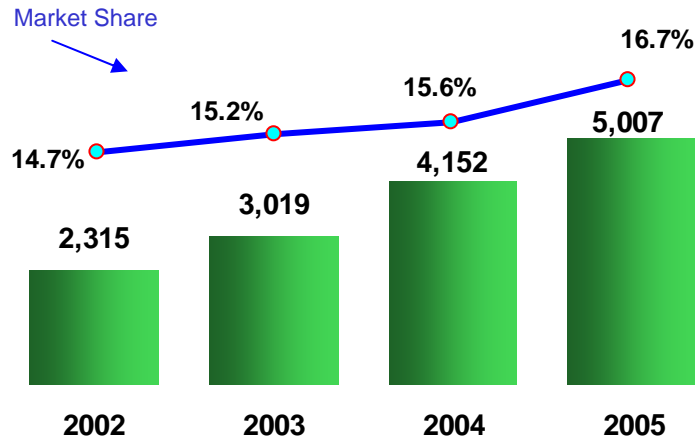


Targeting Leadership with Innovative Products

- Garanti introduced a new credit card; Flexi Card in January 2006
- Flexi Card allows cardholders to create their own card features. Flexi is the first card that reverses the process of card creation and gives total control to the customer. It is a tailor made credit card, with over 9,000 different combination possibilities relating to the interest rate, the reward system, fee amounts and even the preferred card design

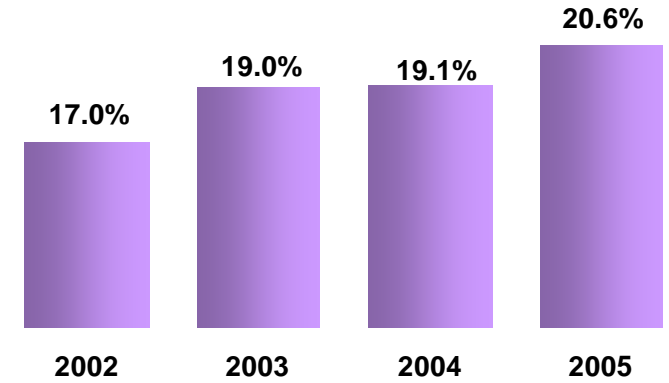
Number of Credit Cards

Thousand



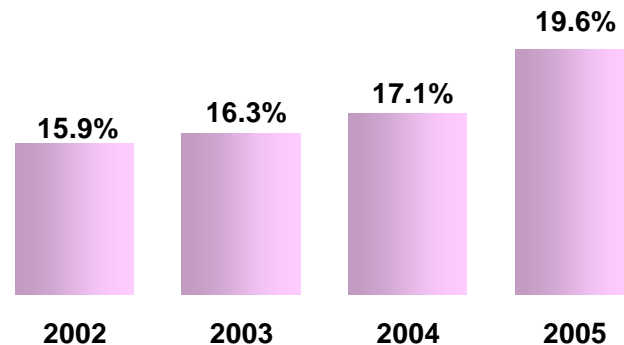
Issuing Volume Market Share

Annual

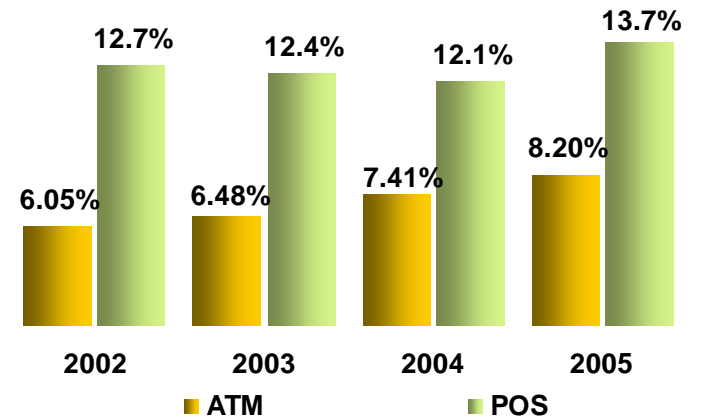


Acquiring Volume Market Share

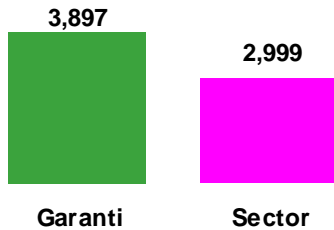
Annual



ATM and POS Market Shares



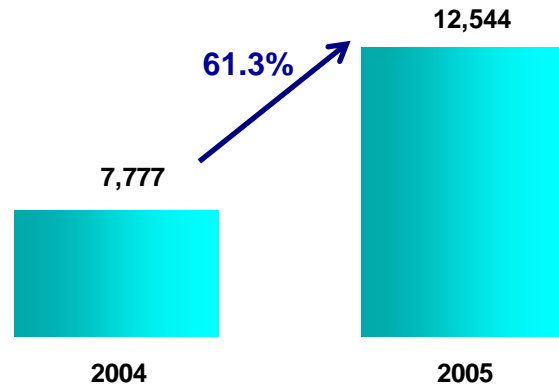
Per Card Spending, Million YTL



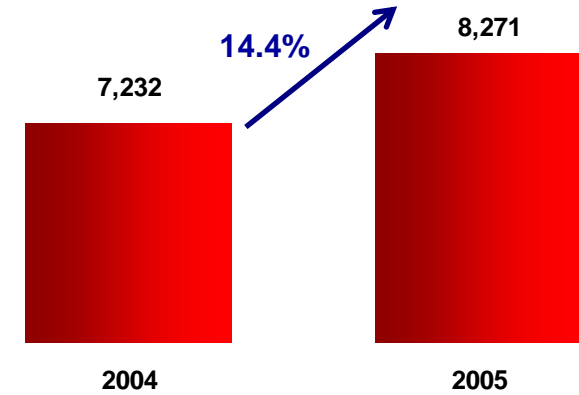
Sustainable Increase in Customer Funds

- TL deposits increased by 61.3% in 2005 and 20.8% over the previous quarter, reaching YTL 12,544 Million
- FC deposits in US\$ terms were up by 14.4% in 2005 and 13.1% over the previous quarter
- Total customer funds increased by 31.2% in 2005, reaching YTL 48,346 Million
- Share of T-bills under custody came down to 41.8% in 2005, down from 44.3% in 2004, whereas TL and FC deposits composed 47.6% of the customer funds

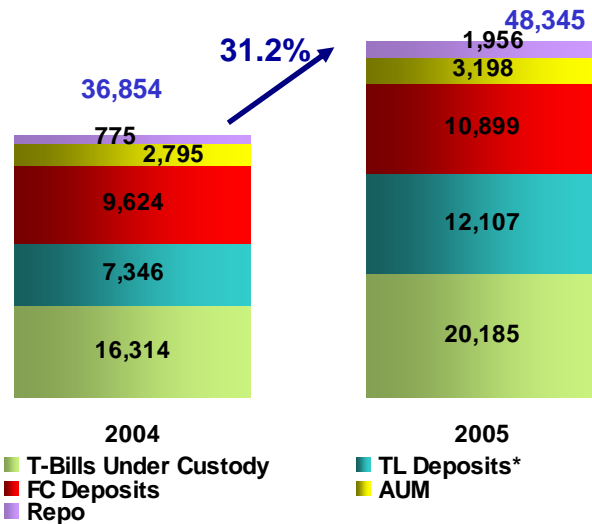
TL Deposits
YTL Million



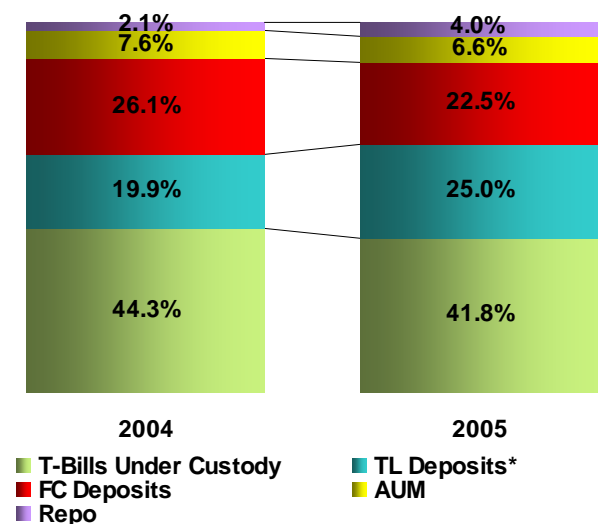
FC Deposits
US\$ Million



Total Customer Funds
YTL Million



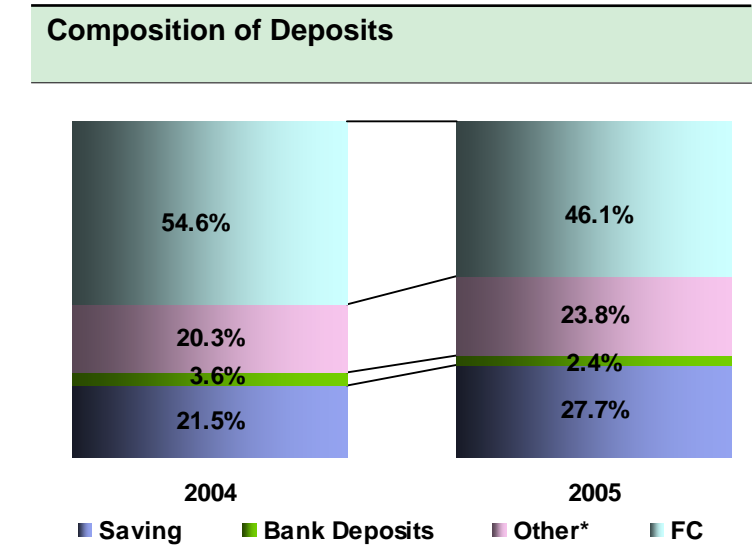
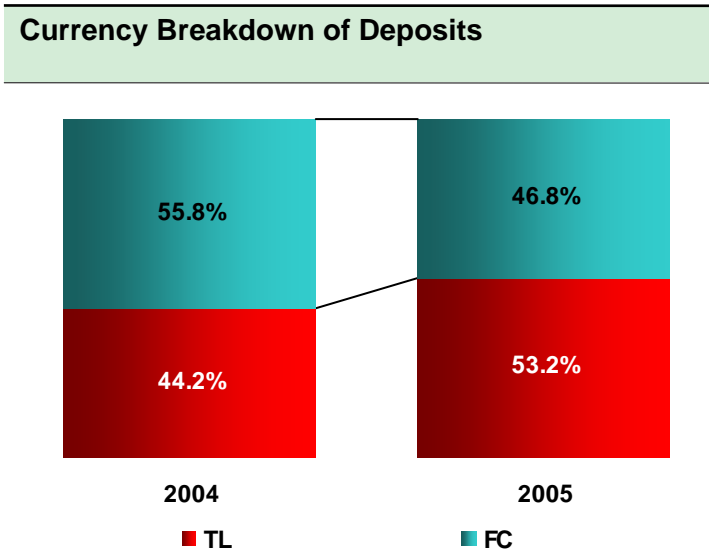
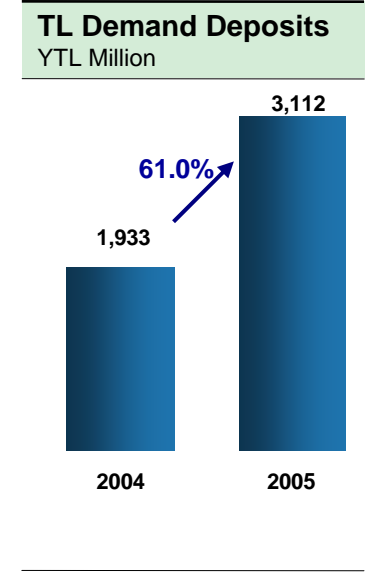
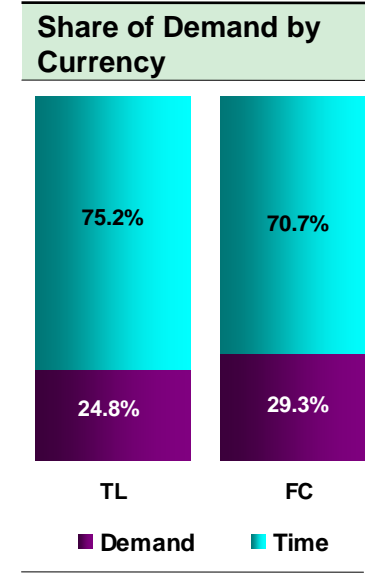
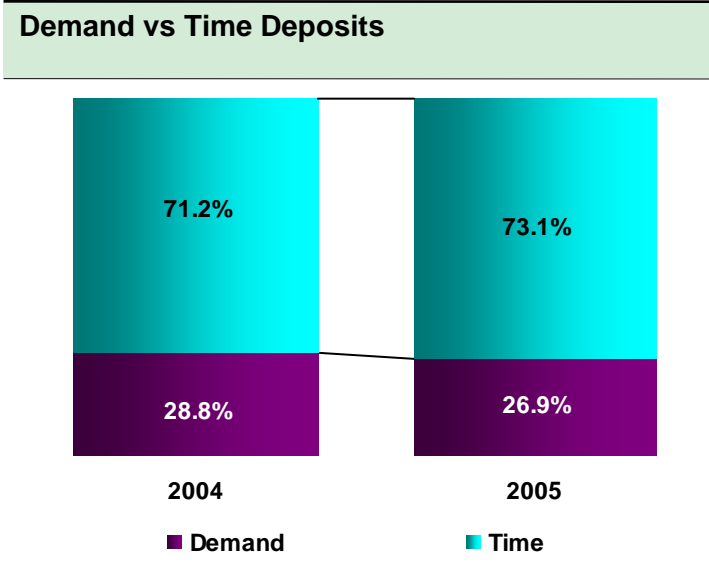
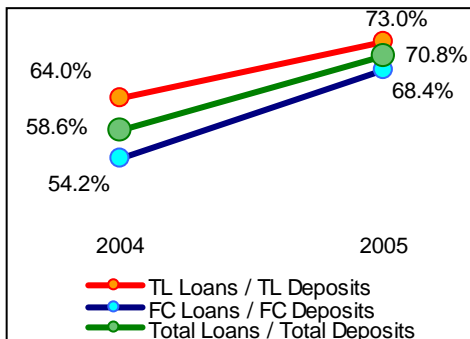
Composition of Total Customer Funds



*Excluding bank deposits

Demand Deposits Growth Momentum

- TL Demand deposits went up by YTL1 Billion or 61% in 2005
- Share of demand deposits in total deposits was 26.9% in 2005 as compared to 28.8% in 2004
- Of the TL deposits, 24.8% was demand, and of the FC deposits 29.3% was demand deposits
- Share of TL deposits in total deposits continued to increase and reached 53.2% as of 2005
- Total Loans to Deposits ratio went up to 68.4% from 54.2%

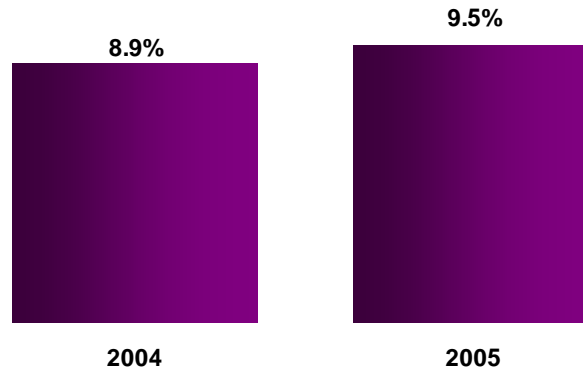


* Other deposits include commercial deposits, deposits of official authorities & organizations and deposits of other organizations

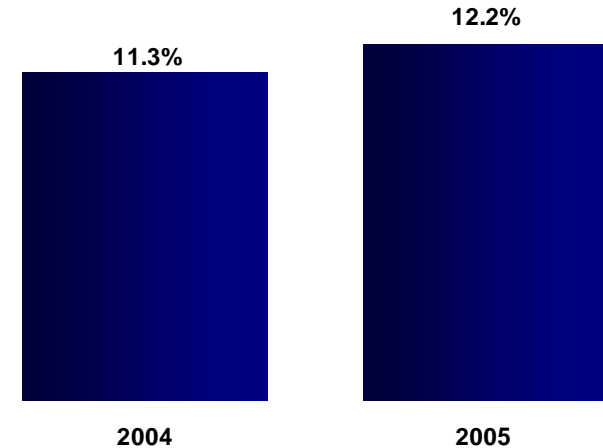
Deposit Market Shares

- Garanti's higher demand deposit mix is evidenced by the higher market share in demand deposits (12.4%) vs. total deposits (9.5%)
- Market share in TL and FC deposits were 9.5% and 12.2%, respectively in 2005

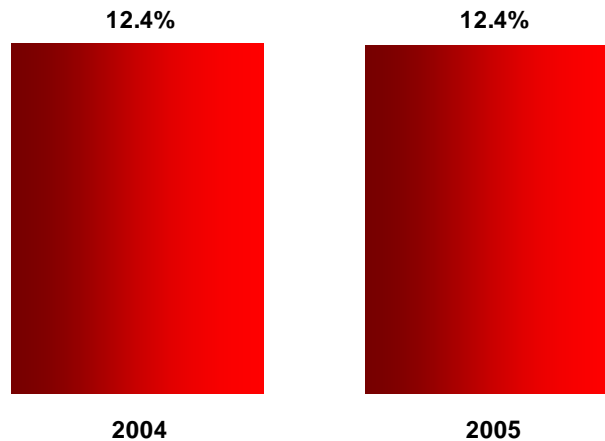
TL Deposits



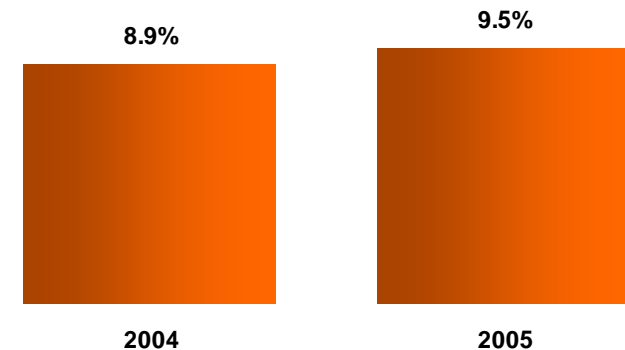
FC Deposits



Demand Deposits



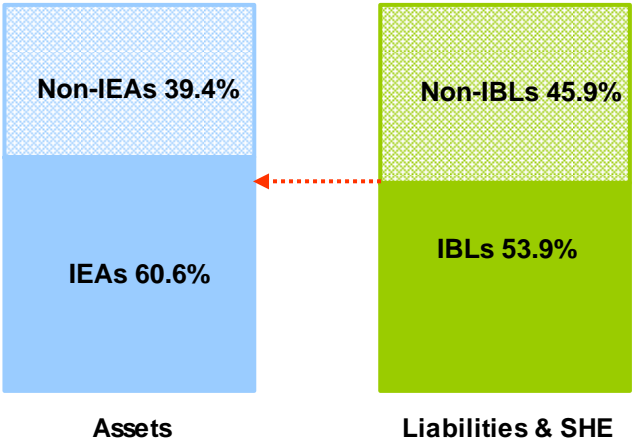
Total Deposits



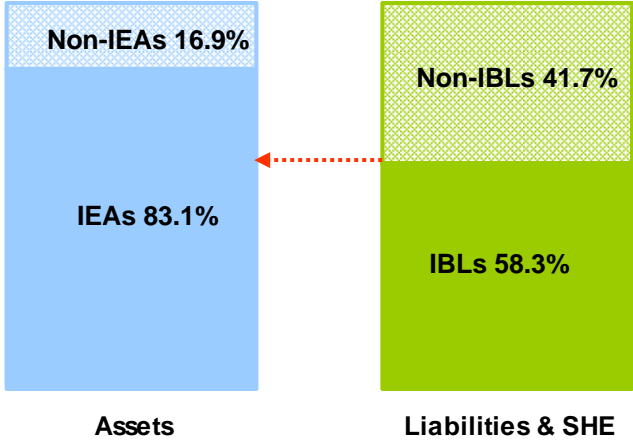
Disposal of Non-Core Assets and Growth of IEA

– With the sale of non-core assets to Doğuş Holding following the closing of GE deal, ratio of TL IEAs in TL balance sheet increased to 83.1%, whereas share of IEAs in FC balance sheet stood at 95.8%

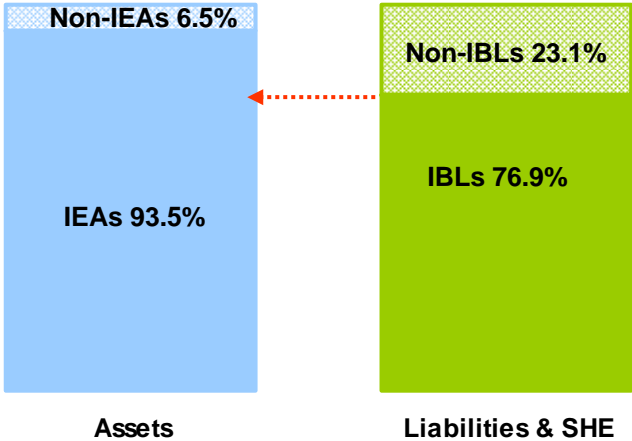
TL Balance Sheet, 2003



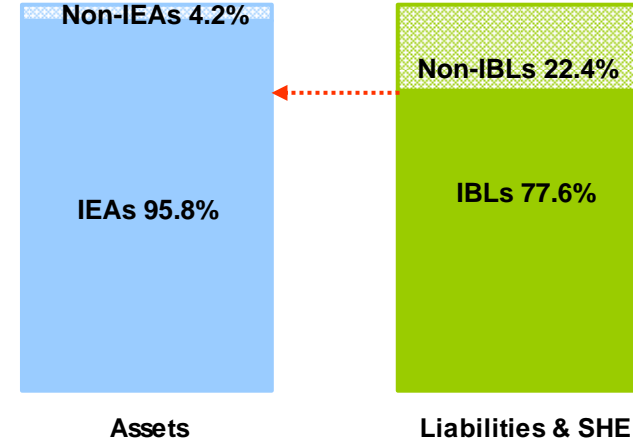
TL Balance Sheet, 2005



FC Balance Sheet, 2003

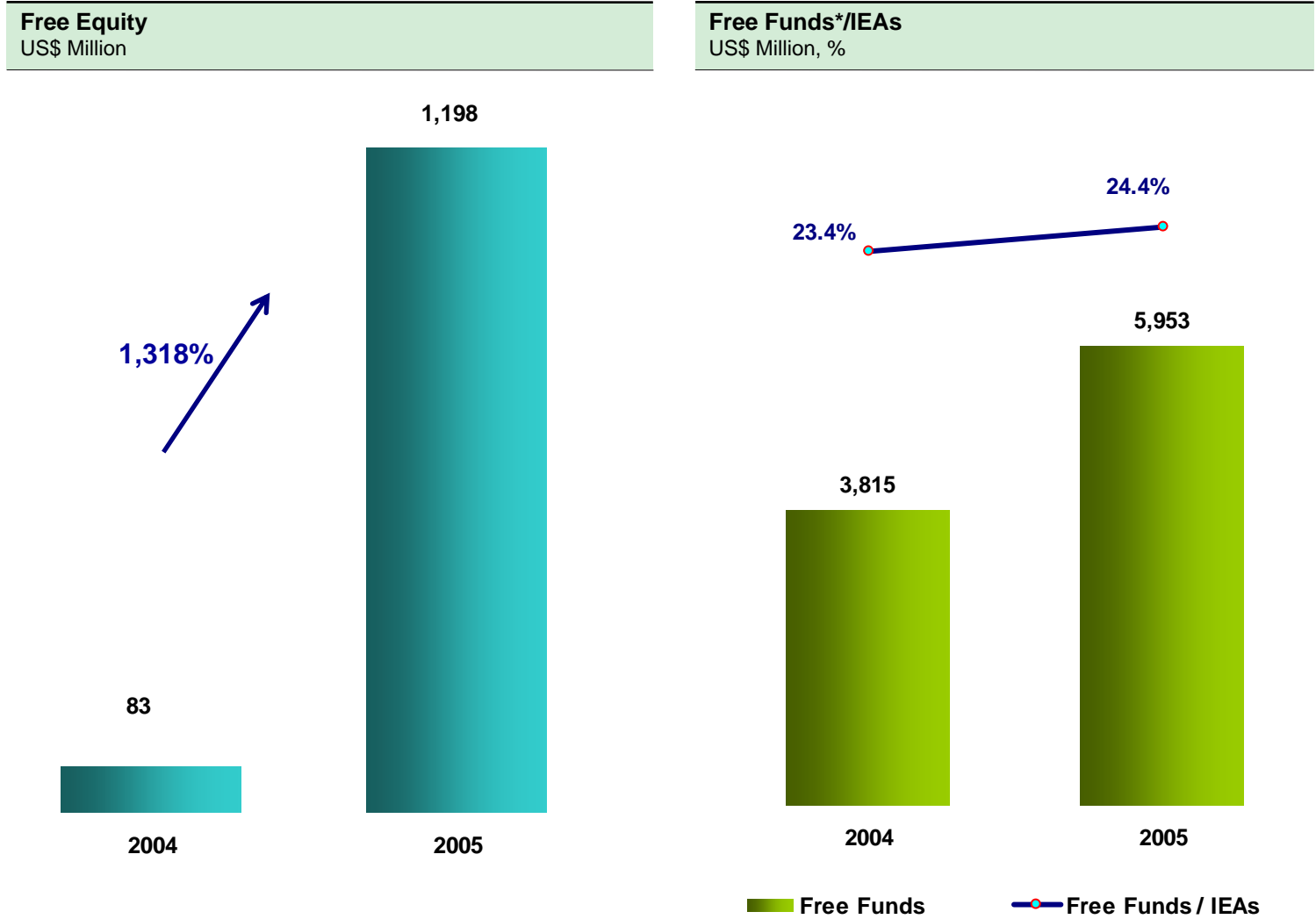


FC Balance Sheet, 2005



Significant Improvement in Free Equity

- Upon the sale of non-core assets, free equity soared to US\$1,198 million
- Free funds were up by 56.1% in 2005 reaching US\$5,953 million
- Ratio of free funds to interest earning assets increased to 24.4%

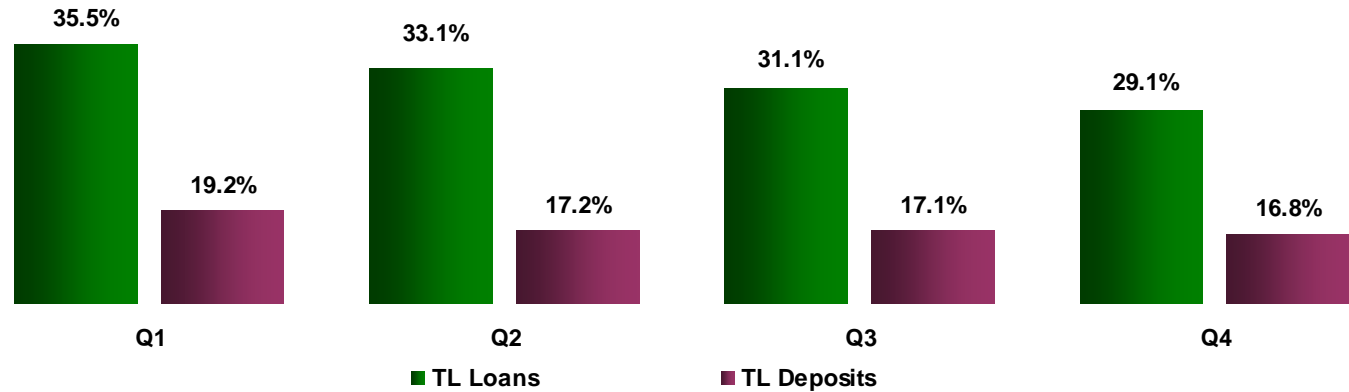


*Free Funds : Free Capital + Demand Deposits

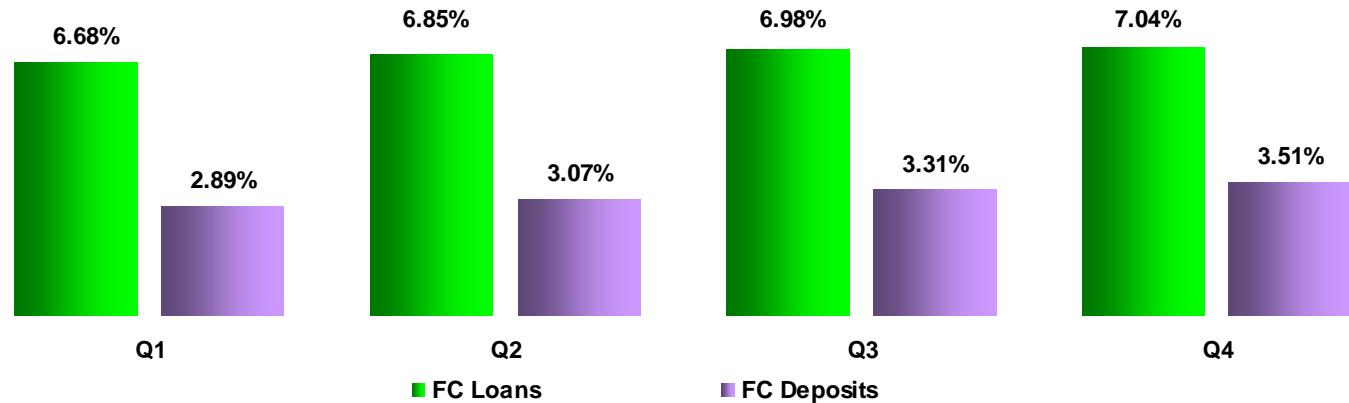
Spreads

- Yields on TL loans decreased 620 bps whereas cost of TL deposits went down by only 240 bps in 2005
- Yield on FC loans increased by 36 bps, and cost of FC deposits increased by 62 bps in 2005

TL Loans and Deposits



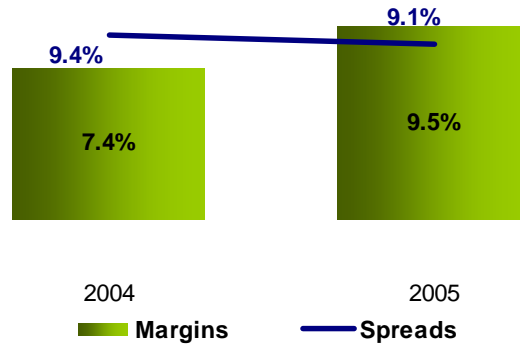
FC Loans and Deposits



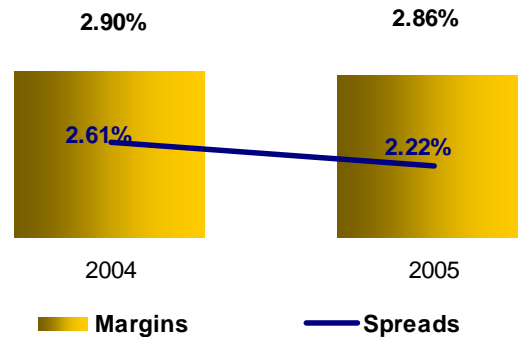
Increasing Margins

- Despite declining TL rates, margins in TL balance sheet improved due to volume growth in lucrative business lines and increasing share of IEAs
- Share of TL in B/S continued to grow in 2005 reaching 52.5%

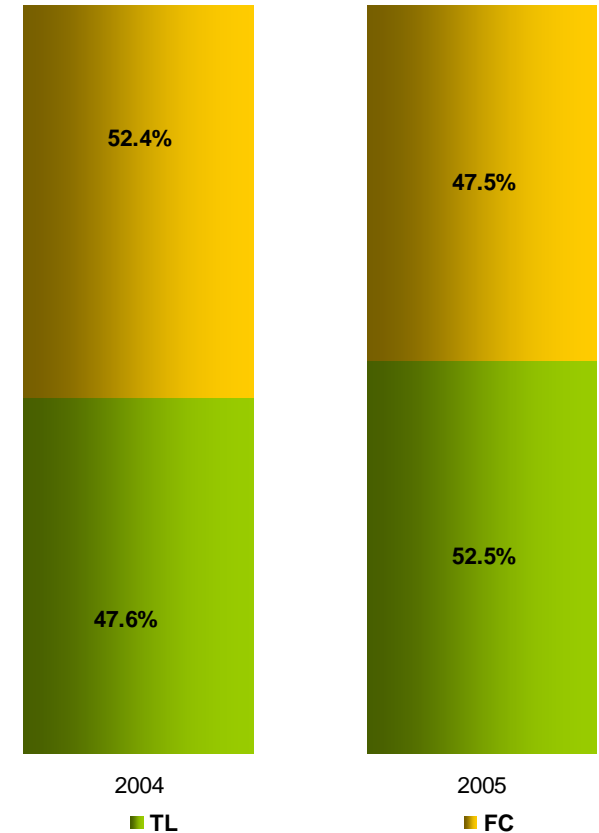
TL Balance Sheet



FC Balance Sheet



TL / FC Breakdown of Assets





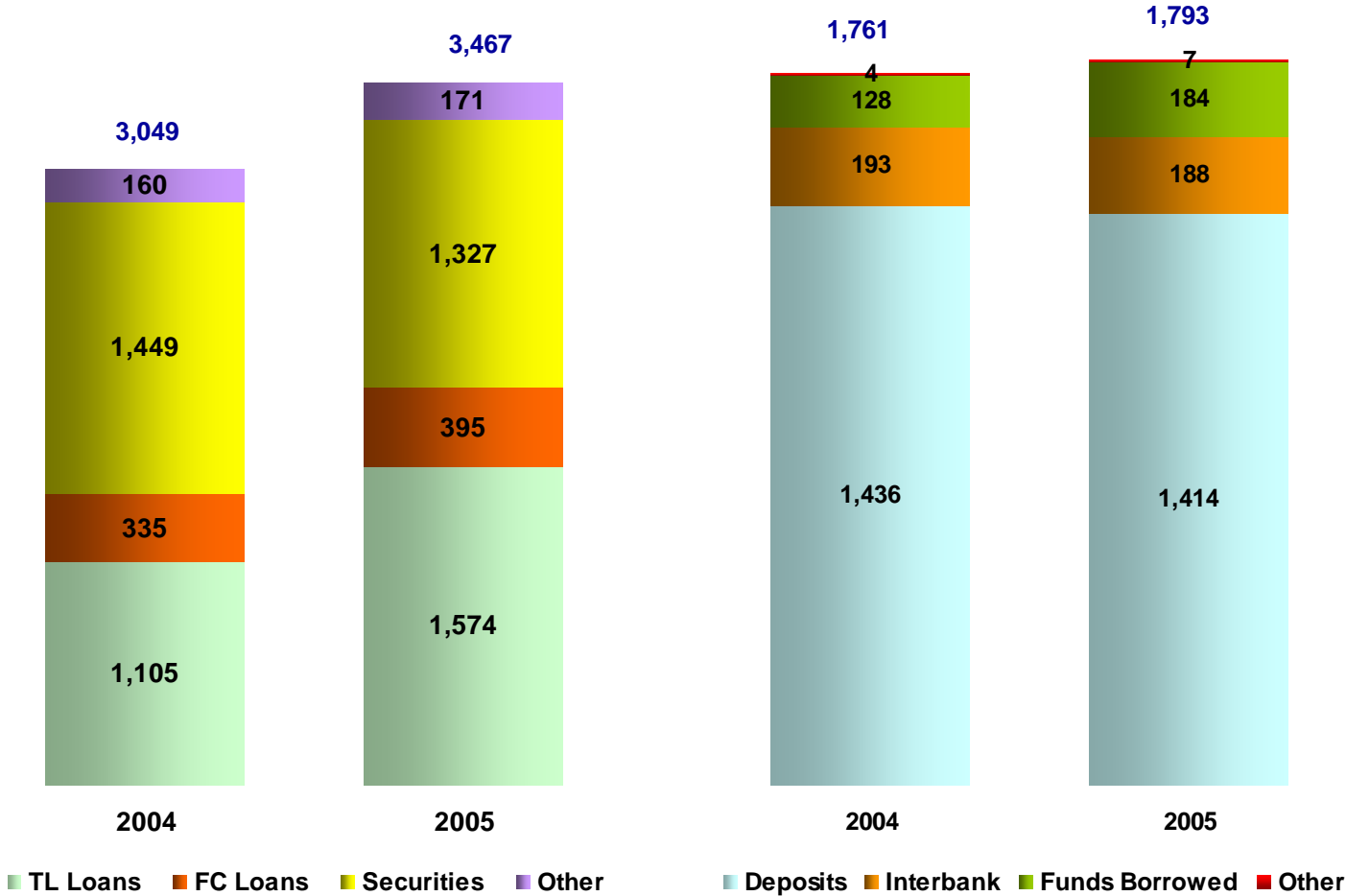
2005 Performance – P/L

Interest Income vs. Interest Expense

- Interest earned on TL loans composed 45.4% of interest income in 2005, as compared to 36.3% in 2004
- Interest paid to deposits composed 78.9% of interest expense in 2005, as compared to 81.5% in 2004

Interest Income
YTL Million

Interest Expense
YTL Million

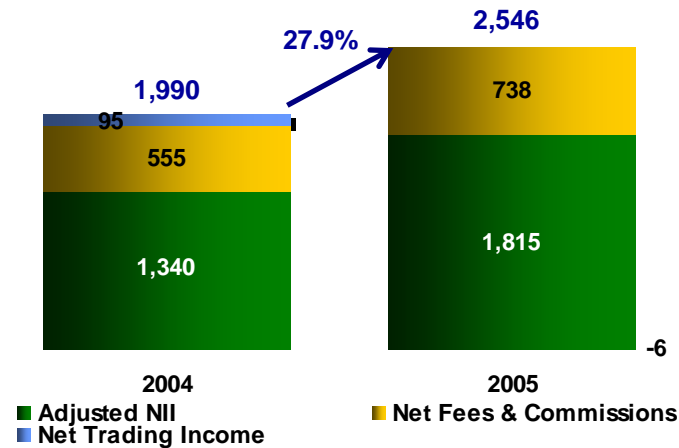


Focus on Sustainable Revenues

- Ordinary banking income was up by 27.9% over 2004, reaching YTL2,546 million
- Share of customer – based income in ordinary banking income increased to 71.8% in 2005 from 61.5% in 2004

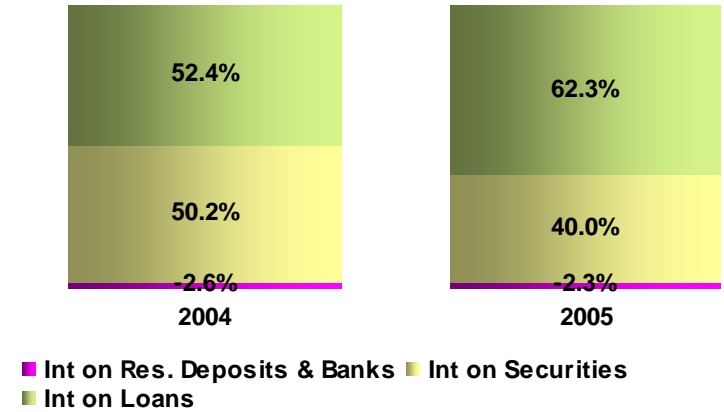
Ordinary Banking Income

YTL Million



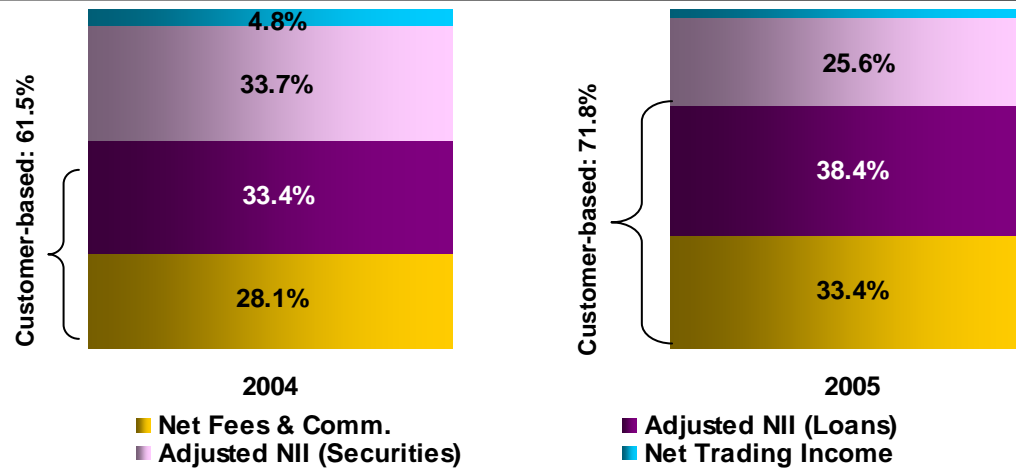
NII adjusted by Monetary Gain/ (Loss) and Net FX Gain/ (Loss)

Composition of Adjusted NII



Based on MIS criteria

Composition of Ordinary Banking Income*



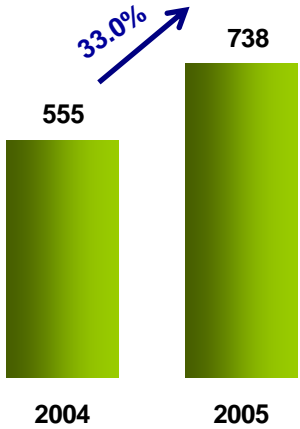
*Based on MIS criteria, reflecting the reclassification of accrued interest on securities sold



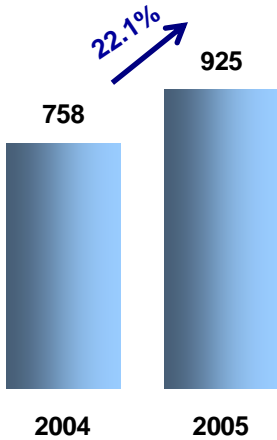
Fees and Commission Generation a Priority

- Net fees and commissions income increased by 33.0% over 2004
- 80.3% of non-interest income is from fees and commission income
- Net fees and commissions income to average assets went up to 2.35% in 2005
- Net fees and commissions income contribute 59% of adjusted operating expenses

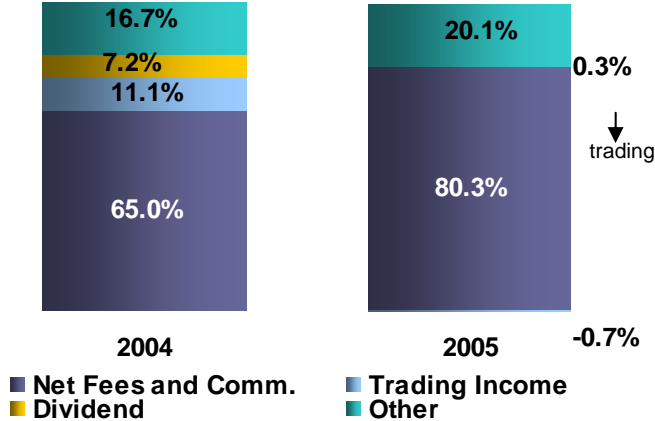
Net Fees & Com. Income, YTL Million



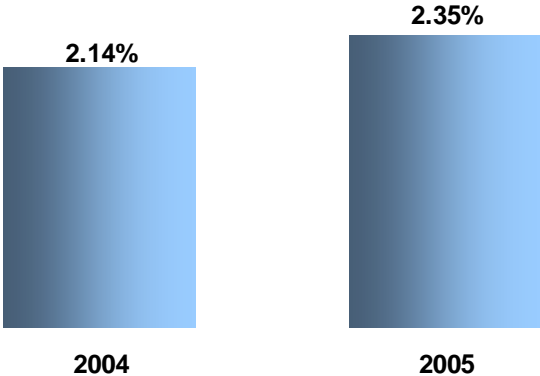
Non-Interest Inc. Excl. Trading Inc., YTL Million



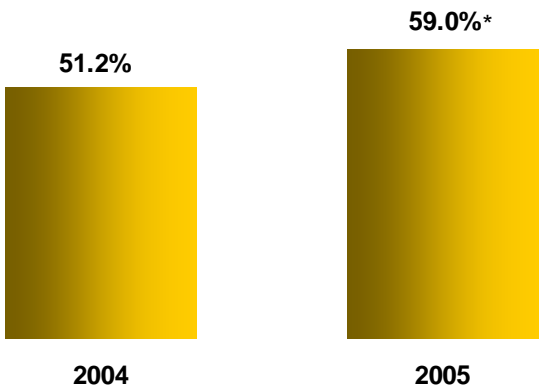
Composition of Non-Interest Income



Net Fees and Commissions Income / Average Assets



Net Fees and Commissions Income / Operating Expenses

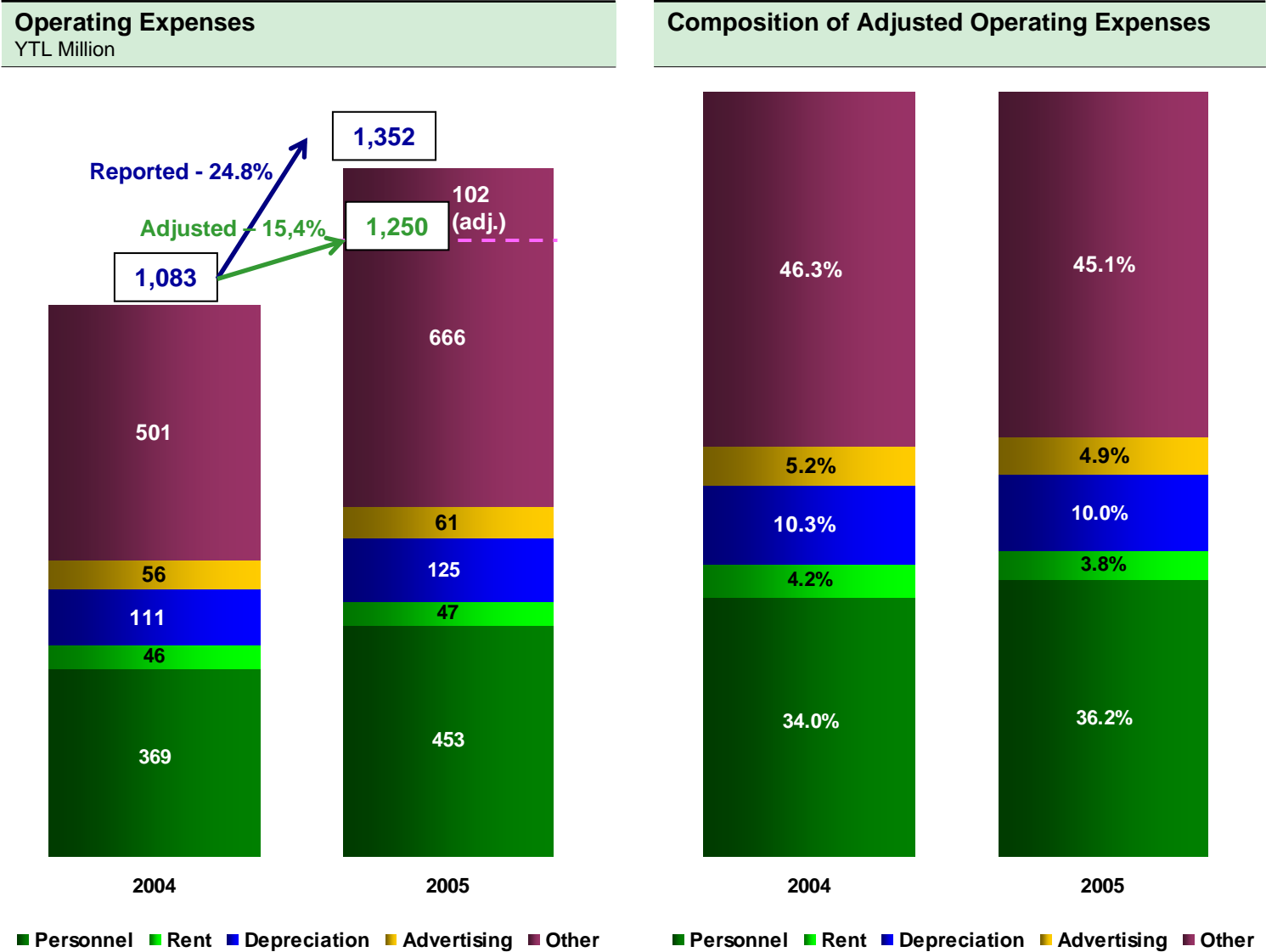


*Operating expenses adjusted as per items defined on page 3



Operating Expenses – Growth in Control

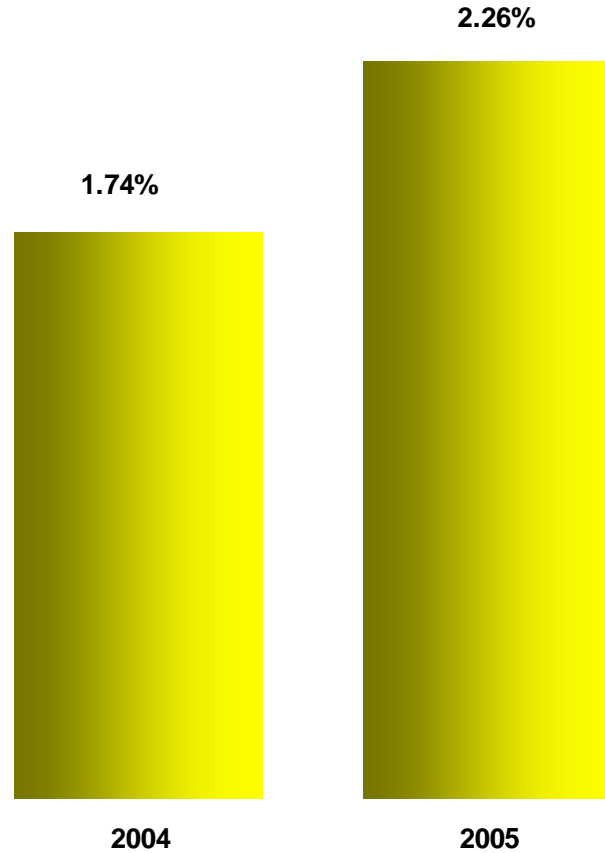
- Operating expenses as reported were up by 24.8% in 2005, mainly due to branch expansion and regulatory changes. When adjusted to reflect a better comparison, operating expenses growth is 15.4% in 2005
- In 2005, Garanti implemented an aggressive branch expansion program and had 428 domestic branches by year end



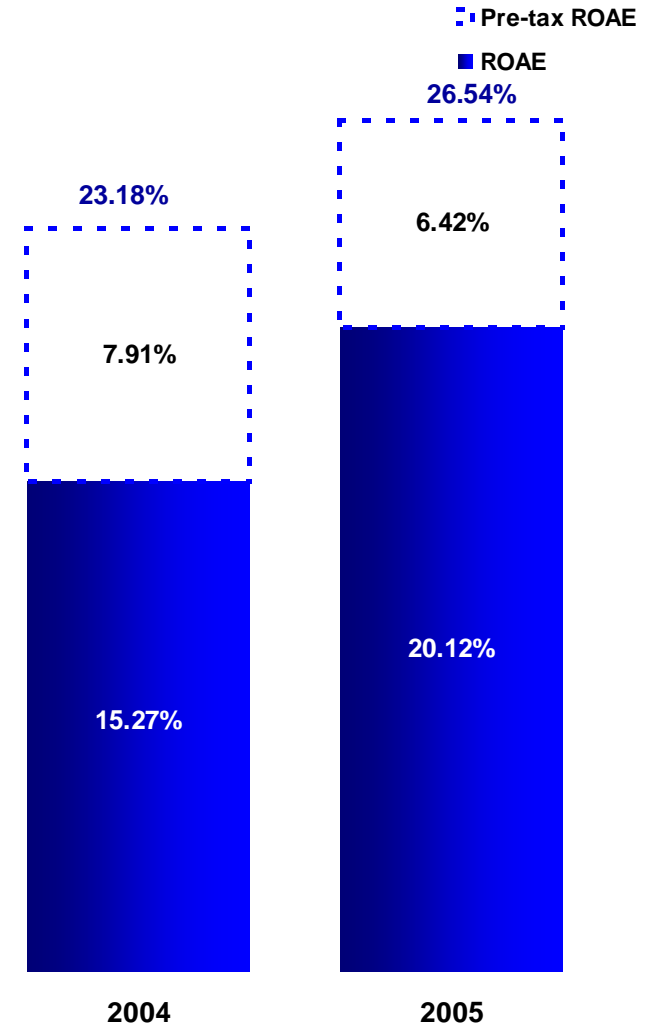
Strong Performance in Profitability Ratios

– ROAA and ROAE were 2.26% and 20.12%, as of 2005 FYE

Return on Average Assets



Return on Average Shareholders' Equity

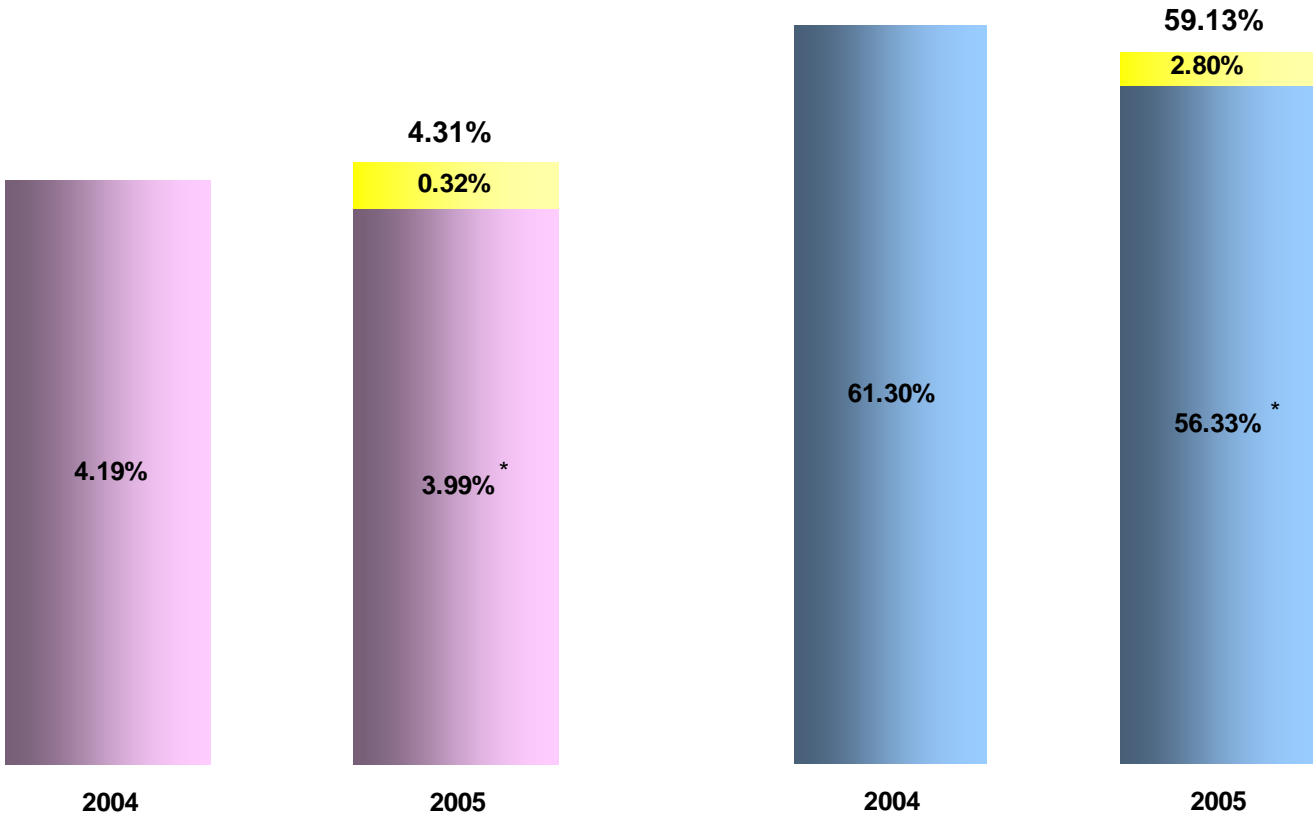


Improvement in Cost / Income Ratio

- Adjusted operating expenses to average assets decreased to 3.99% in 2005, whereas Cost / Income ratio came down to 56.33% in 2005 down from 61.30% in 2004
- When adjusted for regulatory changes, the improvement in cost / income ratio is 497 bps, implying a ratio of 56.33%

Operating Expenses / Average Assets

Cost /Income Ratio

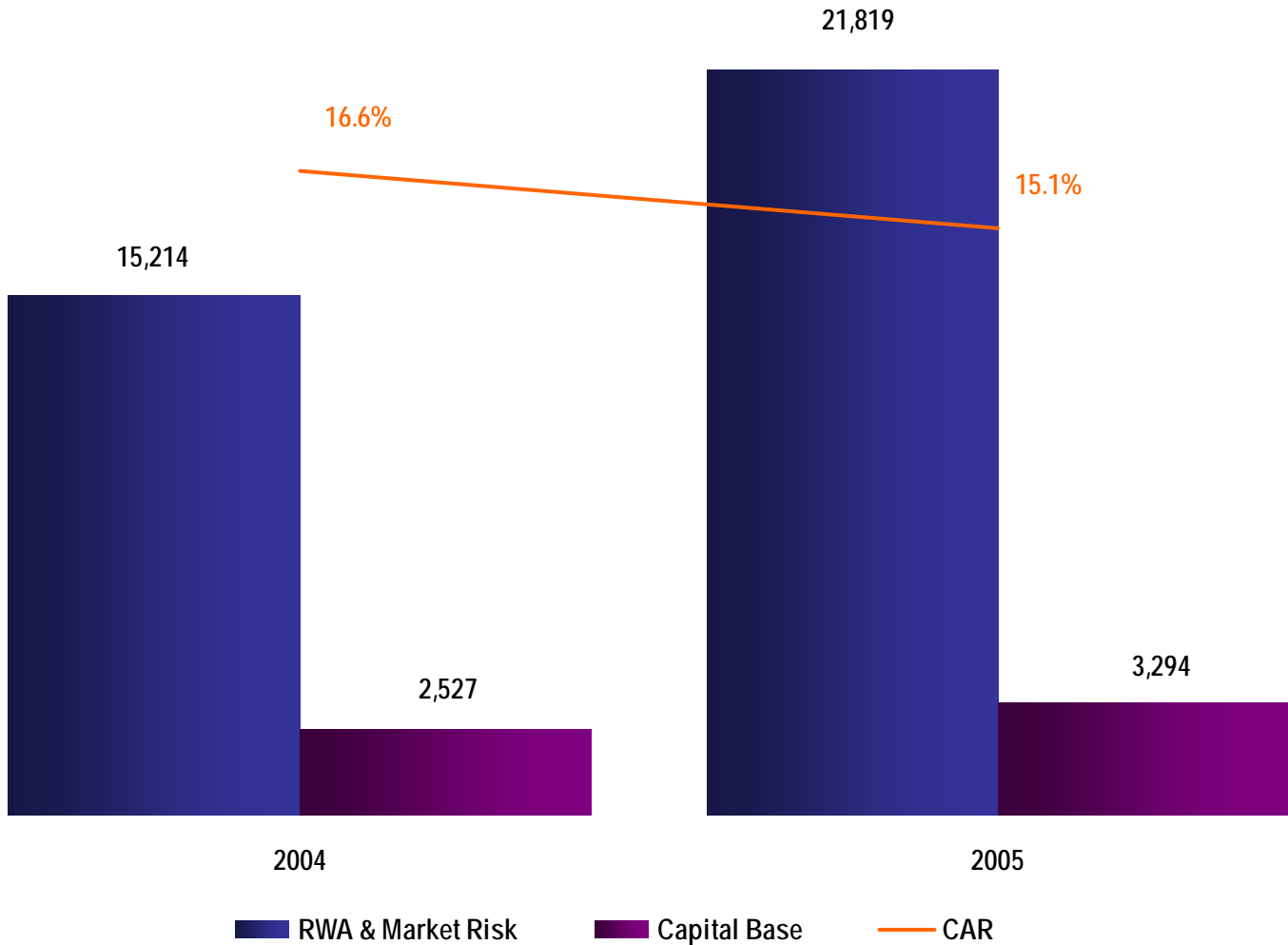


*Operating expenses adjusted as per items defined on page 3

Strong Levels of Capital Adequacy

– Garanti’s capital adequacy ratio stood at 15.1% as of 2005 FYE

RWA +Market Risk, Equity Base and CAR
%, YTL Million





Garanti

For further information please contact investorrelations@garanti.com.tr